

Message Text

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PAGE 01 KINSHA 02259 171603Z

44

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 PC-01 (ISO) W

----- 089855

P R 171530Z MAR 75

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 1740

INFO AMEMBASSY BRUSSELS

AMCONSUL LUBUMBASHI

AMCONSUL BUKAVU

LIMITED OFFICIAL USE KINSHASA 2259

E.O. 11652: N/A

TAGS: ECON, ECIN, CG

SUBJ: 30 DEC MEASURES: MORE DELEGATES GENERAL NAMED

REF: KINSHASA 2090

1. LONG AWAITED LIST OF ADDITIONAL FIRMS TO BE "TAKEN OVER" BY GOZ WAS ANNOUNCED LAST WEEKEND. LIST TOTALS NINETY-EIGHT FIRMS AND NAMES DELEGATES GENERAL FOR EACH. FIRST READING INDICATES THAT ONLY ONE AMERICAN INTEREST IS INVOLVED; SABUNI, SOAP FACTORY IN LUBUMBASHI. FULL LIST, WHICH WILL BE REPORTED SEPARATELY SEEMS TO CONCENTRATE ON LARGE FIRMS IN CONSTRUCTION SECTOR, GENERAL MERCHANDISE DISTRIBUTORS AND TEXTILE PRODUCERS.

2. OVER LAST FEW WEEKS ECON COUNSELOR HAS BEEN RECEIVING WORRIED CALLS FROM SABUNI OWNER, AARON FRANCO, WHO WAS ON VACATION IN BRUSSELS AND IS NOW IN NEW YORK. FRANCO HAD HEAR SABUNI AND MERCANTILE AFRICAINE, ANOTHER BUSINESS OF HIS, WERE THREATENED.

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PAGE 02 KINSHA 02259 171603Z

ECON COUNSELOR HAS TRIED TO COMMUNICATE CONFUSED STATE OF PLAY,

WHERE NO ONE KNOWS WHAT "STATE CONTROL" MEANS AND WHERE NAMING OF DELEGATES GENERAL HAS LEFT AFFECTED FIRMS IN DARD AS TO REAL INTENTIONS OF GOZ.

3. FRANCO WILL BE UNDERSTANDABLY EVEN MORE EXERCISED NOW THAT SABUNI HAS ITS OWN DELEGATE GENERAL (ONE CIT. KISHIBA), BUT WE STILL CANNOT ASSESS SIGNIFICANCE OF SABUNI'S INCLUSION ON LIST. IF FRANCO CONTACTS AF/C, AS WE HAVE SUGGESTED, RECOMMEND THAT HE BE TOLD TO CONTINUE TO PLAY IT COOL, AND AWAIT FURTHER CLARIFICATION. TO REPEAT, SOME OF THOSE FIRMS PREVIOUSLY ASSIGNED DELEGATES HAVE YET TO PERCEIVE ANY REAL CHANGE. CONSTRUCTION SECTOR, WHICH ALREADY "NATIONALIZED", CONTINUES TO WORK AS BEFORE AND NAMING OF DELEGATES GENERAL LEAST OF THEIR WORRIES AT THIS POINT. REAL PROBLEM CONTINUES TO BE IMPORT SQUEEZE BROUGHT ON BY CREDIT CUT OFF FROM ABROAD. SAME IS TRUE FOR OTHER SECTORS.

4. CHANIMETAL (GROUP WHICH INCLUDES CHANIMAT) CATERPILLAR DISTRIBUTOR--ALSO ON LIST, BUT WE SEE IN THIS LITTLE GROUND FOR USG INTERVENTION.

5. FOR LUBUMBASHI: WOULD APPRECIATE AS MUCH DETAIL AS YOU CAN GATHER, OR HAVE AVAILABLE, ON SABUNI. WE HAD ASSUMED SABUNI 100 PERCENT AMERICAN OWNED, BUT IN PHONE CONVERSATION WITH ECON COUNSELOR

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FRANCO MENTIONED THAT MERCANTILE AFRICAINE HAD 30 PERCENT INTEREST IN SABUNI. ALSO, WE SHOULD KNOW MORE ABOUT SABUNI'S STATUS UNDER THE INVESTMENT CODE. OUR RECORDS SHOW SABUNI ESTABLISHED IN 1964 AND CAME UNDER CODE IN 1972--LEADING TO GUESS THAT IN 1972 SABUNI UNDERTOOK EXTENSION OF ITS ORIGINAL INVESTMENT. VARIOUS PRONOUNCEMENTS BY GOZ ON THIS GENERAL SUBJECT HAVE DRAWN HAZY DISTINCTION BETWEEN "NEW INVESTMENTS" UNDER THE CODE (WHICH ARE PROTECTED) AND "EXTENSIONS OF COLONIAL INVESTMENTS" (WHICH PRESUMABLY MEAN THEY ARE NOT PROTECTED). ALSO WHAT IS KNOWN OF KISHIBA? IN SOME CASES WE BELIEVE DELEGUES GENERAUX HAS BEEN PREVIOUSLY CLOSELY ASSOCIATED WITH FIRM AND IN FACT REPRESENTS GUARDIN ANGEL.
HINTON

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